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UNSATISFACTORY PROGRESS IN CONSTRUCTION
OF OIL WELLS AND WORKERS' HOUSING
IN KRASNODARNEFT' ASSOCIATION

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A great deal of attention was devoted to the petroleum industry in the directives of the 19th Party Congress dealing with the Fifth Five-Year Plan. In 1955, the production of petroleum must be 85 percent greater than the 1950 production level. The state is releasing huge sums for capital construction to accomplish this important task.

The Krasnodarneft' Association receives hundreds of millions of rubles each year for the construction of new oil fields and workers' villages. Analysis of activity in the association, however, indicates the absence of a strict state approach toward the expenditure of funds allocated for capital construction. The directors of the association and a number of its enterprises are interested only in seeing that funds are expended, and are interested but little in the concrete results of capital construction.

For example, in the Krasnodarnefterazvedka Trust the construction of 18 oil wells, on which more than 42 million rubles have been spent, has not been completed. These oil wells will never be put into operation. Drilling stopped long ago as a result of breakdowns. The same can be said concerning 79 other oil wells, involving expenditures of 91.2 million rubles. Work on these wells has been suspended for "geological reasons." Curiously, in reports concerning fulfillment of the plan for drilling work, the expenditures are listed as having yielded results.

Expenditures have been similarly wasted in other trusts of the Krasnodarneft' Association. Part of the trouble lies in the practice of evaluating the activity of the drilling offices and the trusts solely on the basis of the number of meters drilled. No attention is paid to whether the drilling resulted in completion of wells.

This practice shields workers who are not doing their duty. For example, during the drilling of a well by one of the offices, a breakdown occurred at a depth of 1,500 meters. The directors of the office abandoned the well without taking measures for eliminating the difficulty, and the drilling rig was moved to another location. Work and funds were thus expended in vain, but they contributed toward fulfillment of the plan for capital investment and the plan for total meters drilled.

Officials of the Krasnodarneft' Association are not doing their duty with respect to uncompleted work. For example, the directors of a trust forwarded instructions to the Severskiy Department of the Prombank to withhold from two drilling offices certain sums of money which were to have been paid for drilling work not resulting in completion of wells. The directors of the Krasnodarneft' Association, however, spoke out against this type of action by the trust, and defended the directors of the offices of drilling, who had permitted obvious waste in operations.

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Estimates for capital construction in the association, especially for drilling work, are too high. A check on the cost of completed drilling work indicated that in the Seversk Drilling Office, estimates for seven oil wells were 12 percent too high, and in the Akhtyrsk Drilling Office, estimates for 24 oil wells were 13 percent too high.

Planning for capital investment in the petroleum industry suffers from serious shortcomings. In this regard, the capital investment title lists for the Krasnodarneft' Association were changed at least ten times last year. As a result, large sums were spent for construction objectives which were never completed.

Principles of state discipline are being violated in the Krasnodarneft' Association, especially by Amiyan, the association's deputy chief for construction. For example, 2 million rubles which were allocated for the construction of living quarters were not expended in accordance with the plan. Part of these funds was spent for the construction of summer cottages for the directors of the association.

In short, the directors of the Krasnodarneft' Association are not doing their duty with respect to the expenditure of state funds. This failure is impeding the rate of growth of petroleum production in the association, and is inflicting sizable losses on the national economy.

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